

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **November 25, 2003, Work Session**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR: **X**

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **City of Lynchburg Compensation Philosophy**

RECOMMENDATION: Adopt the attached Compensation Philosophy.

SUMMARY: The proposed Compensation Philosophy has been put into final form for Council's adoption.

PRIOR ACTION(S): Council has previously seen a draft version of the philosophy and indicated general acceptance.

FISCAL IMPACT: N/A

CONTACT(S): Kimball Payne

ATTACHMENT(S): Compensation Philosophy Final Draft

REVIEWED BY: lkp

FINAL DRAFT

City of Lynchburg Compensation Philosophy

Inherent in City Council's vision of responsive, effective local government, the **mission** of the employees of the City of Lynchburg is to deliver services to City residents, workers and visitors in an efficient, effective and equitable manner and to build a stronger community.

The **goal** of the City of Lynchburg's compensation program is to attract, reward and retain employees that are representative of the community and fully able to deliver services at acceptable levels.

The City will develop and maintain a **Pay Plan** guided by the following **principles**:

- Public service is an admirable occupation and the employees who have dedicated themselves to the service of the City's residents are to be valued.
- City employees shall be compensated in ways that reflect market competitiveness and recognize performance in alignment with organizational goals.
- Each City employee is a unique individual, with his or her unique and particular needs and aspirations. No compensation program can accommodate every individual circumstance. Rather, the intent is to have a program that reasonably provides choices and the flexibility to assist employees in achieving their goals, while encouraging individual responsibility and reflecting the prevailing market environment.
- The Pay Plan must be fiscally responsible and affordable; it will always be constrained by resource availability.
- No pay plan is perfect; every variable cannot be addressed equally and to the satisfaction of all. Choices and trade-offs based on the organization's values, goals and priorities must be made.
- The Pay Plan shall be rational and based on clear guidelines that can be easily understood and communicated.
- Differences in compensation for reasons other than job classification, performance, qualifications, longevity or legal requirements are inappropriate. Specifically, there shall be no discrimination related to non-job related factors

such as race, color, national origin, religion, gender, age, disability or political affiliation.

The City's compensation program will:

- balance salary and non-salary benefits to achieve competitive total compensation.
- assure that like jobs are valued with comparable methodology and are treated similarly in terms of base pay.
- manage pay ranges with respect to the relevant market for comparable work.
- promote individual contributions and high levels of performance that advance organizational and departmental missions and outcomes.
- consider relevant market data, internal equity, knowledge, skills and abilities, length of service in the job and demonstrated performance in setting individual pay.
- attract applicants with the basic skills needed to perform the job and the ability to quickly learn the specific requirements of the position.
- allow new employees with relevant experience (both quantitative and qualitative) and demonstrated competence to be hired at a pay rate above the range minimum.
- ensure that the pay of current employees with experience similar to new employees is comparable (assuming satisfactory performance).
- support **alternate pay systems** based on unique business needs that are, to the greatest extent possible, consistent with the overall compensation philosophy.
- be fiscally constrained.

Market Comparisons

The “market” is defined as other employers considered being in competition for personnel similar to those employed by the City. Ideally, market analysis will compare pay and benefits in other organizations of similar size, cost of living, service delivery requirements and organizational structure. Generally, this will include Virginia's First Cities, local governments in the region, and private sector employers as appropriate.

Pay Plan Adjustment

When considering pay plan adjustments, no single measure will be considered in isolation. Management judgement is important.

Evidence that the pay ranges for specific positions or job categories need to be reevaluated will be demonstrated by significant variance from the market, excessive turnover, and/or difficulty recruiting.

Advancement Through the Pay Range

It is a goal to move the compensation program to include **performance based increases**. Employees should be encouraged to make a performance difference, either individually or through teams, in which results are more important than entitlements (i.e. seniority, hierarchy, or the expectation of additional pay for changing responsibilities).

Individual contributions should serve as a significant factor in determining individual compensation. Higher performance should be rewarded by quicker advancement in the relevant pay range. Minimally acceptable performance should not be rewarded although efforts should be made to keep pay comparable to market. Performance at less than an acceptable level should result in no advancement in pay and requires management intervention to assist the employee in achieving satisfactory performance. Sustained and documented unsatisfactory performance is grounds for demotion or dismissal.

Advancement through a pay range may reflect **longevity** (length of service) but should be primarily tied to **performance** (effectiveness, demonstrable skills and competencies that produce outcomes/results contributing to the achievement of the organization's mission and goals). Longevity may also be recognized through indirect compensation (such as the carryover of increased annual leave balances, higher deferred compensation matches, etc.).

A Positive Work Environment

Compensation is only one determinant of employee satisfaction and may be secondary to the work itself and the work environment. Accordingly, the City will strive to maintain a **positive work environment** characterized by:

- a focus on employee safety
- adequate work space
- appropriate equipment
- effective management practices and positive management attitude
- consistent, effective and efficient policies and procedures
- workforce training and development
- opportunities for selection and promotion from within
- recognition for sustained high performance or significant achievement through monetary and non-monetary measures